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## **REFORMS OF THE SYSTEM OF LOCAL SELF-GOVERNMENT IN THE CONTEXT OF INNOVATIVE DECORS**

*В статті наголошується, що важливість та необхідність дослідження проблеми реформування системи місцевого самоврядування в контексті інноваційного дискурсу зумовлена тим, що ця наукова проблема дотепер не знайшла системного висвітлення у вітчизняній та зарубіжній науковій літературі, не стала об'єктом пильної уваги з боку органів місцевого самоврядування, політиків та громадськості. Доводиться, що якісний аналіз сучасного стану реформування місцевого самоврядування на основі інноваційного розвитку буде сприяти результативності практичної реалізації реформ місцевого самоврядування в Україні. Визначається, що основними чинниками успіху, які підвищують ефективність розвитку не тільки окремих соціальних інститутів, але системи місцевого самоврядування, сьогодні, не дивлячись на загальносвітові кризові явища, стають темпи переходу до стійкого розвитку та використання нового знання в системі місцевого самоврядування, що включає впровадження сучасних технологій і методів управління, розвиток сучасних компетентностей посадових осіб місцевого самоврядування тощо.*

**Ключові слова:** *місцеве самоврядування, система місцевого самоврядування, інновація, інноваційний розвиток, реформа місцевого самоврядування.*

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## **РЕФОРМИ СИСТЕМИ МІСЦЕВОГО САМОВРЯДУВАННЯ У КОНТЕКСТІ ІННОВАЦІЙНОСТІ**

*В статті наголошується, що важливість та необхідність дослідження проблеми реформування системи місцевого самоврядування в контексті інноваційного дискурсу зумовлена тим, що ця наукова проблема дотепер не знайшла системного висвітлення у вітчизняній та зарубіжній науковій літературі, не стала об'єктом пильної уваги з боку органів місцевого самоврядування, політиків та громадськості. Доводиться, що якісний аналіз сучасного стану реформування місцевого самоврядування на основі інноваційного розвитку буде сприяти результативності практичної реалізації реформ місцевого самоврядування в Україні. Визначається, що основними чинниками успіху, які підвищують ефективність розвитку не тільки окремих соціальних інститутів, але системи місцевого самоврядування, сьогодні, не дивлячись на загальносвітові кризові явища, стають темпи переходу до стійкого розвитку та використання нового знання в системі місцевого самоврядування, що включає впровадження сучасних технологій і методів управління, розвиток сучасних компетентностей посадових осіб місцевого самоврядування тощо.*

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## РЕФОРМЫ СИСТЕМЫ МЕСТНОГО САМОУПРАВЛЕНИЯ В КОНТЕКСТЕ ИННОВАЦИОННОСТИ

*В статье отмечается, что важность и необходимость исследования проблемы реформирования системы местного самоуправления в контексте инновационного дискурса обусловлена тем, что эта научная проблема до сих пор не нашла системного освещения в отечественной и зарубежной научной литературе, не стала объектом пристального внимания со стороны органов местного самоуправления, политиков и общественности. Обосновывается, что качественный анализ современного состояния реформирования местного самоуправления на основе инновационного развития будет способствовать результативности практической реализации реформ местного самоуправления в Украине. Определяются факторы успеха, повышающие эффективность развития не только отдельных социальных институтов, но и системы местного самоуправления, несмотря на общемировые кризисные явления: темпы перехода к устойчивому развитию и использованию нового знания в системе местного самоуправления, включая внедрение современных технологий и методов управления, развитие современных компетенций должностных лиц местного самоуправления и др.*

**Ключевые слова:** местное самоуправление, система местного самоуправления, инновация, инновационное развитие, реформа местного самоуправления.

Постановка проблеми

✎ In Ukraine the constitutional foundations of local self-government were laid, the European Charter of Local self-government was ratified; a number of normative acts, that provide the basis of its functioning, were adopted. Today in Ukraine the process of the reforming of local self-government system has been launched, the end result of which should be the direction of this system for the creation and maintenance of a favorable living environment, necessary for full human development, providing citizens with accessible and qualitative public services, orientation of the vital activity of the communities on sustainable development.

One of the directions of the reforms of the system of local self-government in Ukraine is decentralization. Decentralization is considered as the transfer of significant powers and budgets from the executive authorities to the local authorities. Decentralization is one of the types of the reforms that conduce to the progressive development of the country. Poland, Slovakia, Lithuania, Latvia, Estonia, Scandinavian countries – all of them went through such reform that gave impulse to the economy, social development of these countries.

The efficiency of the reforms of local self-government is closely linked with the adequacy of their scientific support. This increases the results of organic interaction between bodies of local self-governments and public institutions, business structures, scientific and educational institutions and others. The importance and necessity of the research of the problem of reforming the system of local self-government in the context of the innovation discourse is due to that this scientific problem has not found its system reflection in national and foreign scientific literature, has not become the object of close attention from the local authorities, politicians and the public. At the same time, it is clear that the qualitative analysis of the current position of the reforming of local self-government on the basis of innovating development will contribute to the effectiveness of the practical implementation of local self-government reform in Ukraine.

✎ An important contribution to the study of various aspects of reforming the system of local self-government was made by such scientists as: V. M. Babayev, M. O. Baimuratov, O. V. Boyko-Boychuk, O. Yu. Bobrovska, V. M. Vakulenko, I. A. Vasilieva, Yu. F. Dehtiarenko, A. I. Dotsenko, A. S. Ignatenko, V. S. Kuybida,

O.Yu. Lebedinska, V.V. Mamonova, A. F. Melnyk, Yu. B. Molodozhen, V. I. Nudelman, M. K. Orlaty, V. D. Poltavets, M.O. Pukhtynsky, V. P. Rubtsov, C. Ye. Sahanenko, V. V. Tolkovanov, V. P. Udovichenko, Yu. P. Sharov and others.

However, despite the importance of the development of scientific approaches to the processes of the reforming of the system of local self-government, a number of issues, associated with the analysis of the processes of reforms in the context of the innovative development, remains outside the attention of the scientists.

It should be noted that different scientists have different interpretations of the essence of the concept of innovation. For Example, B. Santo, B. Tviss, V. V. Shinkiv, V. G. Medinsky explore the innovation as a process; F. Nixon, N. I. Lapin, P. N. Zavlin as a system; from I. Shumpeter goes the tradition followed, in particular, by F. Valenta and L. Voldachkova, to understand the innovation as a change; L. V. Kantorovich, I. N. Molchanov, D. I. Kokurin prefer to talk about innovation as a result. I. Shumpeter, one of the «founders» of the theory of innovation, distinguished basic and secondary innovations. G. Mensh allocates basic, improving innovations and pseudoinnovations, imaginary innovations). P. N. Zavlin, according to the degree of radicalism, allocates the basic, improving and pseudoinnovations; according to the breadth of the impact and scale: global, sectoral and local innovations and so on. V. G. Medinsky, according to the degree of radicalism, classifies the innovations as radical (pioneer, basic, scientific), ordinary (inventions, new technical solutions), improving and according to the nature of the application — productional (the production and use of new products), technological (the creation and application of new technologies), social (the construction and operation of new social structures, structures of public management), complex and commercial. A. I. Prigozhin determines innovations through the innovation potential and allocates radical, combined and modifying ones, and justifies the grouping of the innovations according to the criterion of «implementation mechanism» - singular, diffusion, finished and unfinished, successful and unsuccessful, and according to the criterion of «efficiency» - the efficiency of production and management, the improvement of working conditions. It is spread the classification of innovations on incremental (that is, incremental, modifying, unchanging

Аналіз останніх досліджень і публікацій

the concept), and radical (which break existing concept). There is a classification on «directed» (developing in a specific, predetermined direction) and «crossed» innovations (which occurred at the intersection of ideas, technologies, concepts). According to another classification the innovations may be endogenous (directed inside the organization) and exogenous (directed outside the organization or inter-organizational). The main types of the innovations in the public administration can be considered technological, administrative (organizational) and social ones.

So, the main success factors for increasing the effectiveness of the development not only separate social institutions, but states, today, despite of the global crisis, become the paces of transition to the sustainable development and the usage of new knowledge in the system of local self-government, which includes the introduction of modern technologies and administrative methods, the development of modern competences of the officials of local self-government and so on.

Currently, only such a person (social institution) can successfully adapt to societal changes, a person which is ready to accept new things and has the ability to create a new [1]. Therefore in a society oriented to the innovation, the system of local government, in order to meet the requirements of a society, must be adaptive, which means raising of its innovation. In this context the system of local self-government must be: worldview oriented, that is, to have a substantial theoretical base; to own the methods of reflection, that is to be able to analyze its own actions, to relate them to the past and to predict the future, and to adjust the administrative actions in connection with the situations that appear outside; synergistic, prognostic, such that takes into account how the administrative actions fit to social reality at the right moment.

Talking about the innovation in the system of local self-government we understand the process, that has a complex character and consists of a process of implementing changes to the existing systems and structures for creating, spreading and usage of fundamentally new, modified tools or methods that satisfy specific social needs and provide economic, technical, social, political, environmental or other effect.

Despite the certain differences in the definitions of the innovations, the innovation in the system of local self-government (an example of which are the reforms) can be characterized by the following features: focus on the end result; considering the innovation as a complex, dynamic object, which affects the political and social aspects of functioning.

The need for innovations that increase the adaptability of the system of local self-government to the changing environmental conditions, arises due to imbalances between the costs for creating and implementing effective management solutions and services and the results of their implementation. Examples of such imbalances are: low productivity of officials of local self-government in the process of managerial decision-making and delivery of services; limited resources (the appropriate qualitative information, personnel, structures, regulatory support and so on); the decline of the quality and reliability of information systems; the lack of financial and material support, low labor motivation and others. However, these imbalances must be as a source of the development,

which is implemented through the innovations aimed at the eliminating of the disparities.

The development of the system of local self-government through the reform can be considered as such that is ensured not only by external factors but also by internal mechanisms, as the development through the processes of self-organization. This development is primarily provided by the activity of the officials of local self-government. This happens in cases when, for example, an official, taking part in managerial decision-making, offers new and effective methods for their implementation. In this case, the official of local self-government is implementing an innovative type of behavior. In real conditions in the system of local self-government there are the processes of the development through the self-managed development and managed development.

The scientific literature on the management of innovations, deals with the problems of the development of the new qualitative approaches to the decision-making of innovative solutions, the creation of the strategic management systems.

As for the historical perspective, it is necessary to point out that initially the problem of the development of systems have been studied in the connection with the problem of the development of enterprises, when developing the methodology of strategic management and planning [2]. Ineffective functioning of enterprises in a dynamic, competitive environment that was associated with the inability to determine adequately the parameters of the environment and the immutability of functional structures of enterprises, was the beginning of the transition to the development and usage of methods of the strategic management.

Strategic planning includes the specific steps associated with the identification of the problems, strategic goals, the criterion of effectiveness of implementation of the strategy, and others. In this case, with the aim of expediting the system response on the external influence factors, some of the strategic powers, as a rule, should be referred to the heads of the main technological process (the managerial decision-making and service delivery). As you know, today advanced industrial corporations use flexible, organic structures to govern innovation processes. In the first stage of the innovation process (ideas, analysis and assessment, calculation of the budget) employees gather in informal, poorly regulated project teams (creative teams). And in the second stage (implementation of innovations) rigid, formalized organizational structures are used.

To improve the innovative climate in the system of local self-government, should be implemented the mechanisms of the innovation policy. It means that one of the directions of the development of the mechanisms of the management of the innovations (reforms) may be the creation of research groups on the development of policy of local self-government reform, the strategy of its development. Modern approaches to the management the reform of local self-government system have the following characteristics:

- complex, hierarchical structure of the system of local self-government can function effectively in the modern period of the development of the state only when transferring certain management functions to

- the lower levels, increasing the competence of the lower links in the structure of local self-government;
- increasing the number of levels in the hierarchical structure of the components of the system of local self-government reduces its adaptability in a dynamic and changing environment, especially during the technological innovations (one of such innovations could be, for example, the process of the administrative-territorial reform);
  - the general trend in the development of the system of local self-government consists in such adaptation of its technologies (regulations), processes (management decisions, work with the complaints of citizens, providing of services), systems of work organization to the external environment, when fully used creative and organizational properties of the officials of local self-government;
  - the modern policy of the innovative development of the system of local self-government should be based on the following principles: a) the ability of the official of local self-government to initiate the tasks facing it; b) the presence of the financial, economic and administrative incentives; c) the responsibility of the officials of local self-government for the results of the implementation of the management decisions;
  - the functioning of the system of local self-government in modern conditions, in the first place, should be associated with the use of strategic management;
  - the activity of the officials of local self-government is becoming more innovative in the conditions of joint decision-making and consultations and discussions with the citizens concerning their implementation.

In terms of transformational changes the intellectual, communicative, creative, emotional, competences of the officials of local self-government, the ability to use this competences for the implementation of the development of the strategies of local self-government acquire the crucial importance to improving the effectiveness of the processes of the development of the system of local self-government. For the strengthening of the efficiency of the processes of the innovations in the system of local self-government it is necessarily to improve the communicative competence of the officials of the local self-government, to develop their ability to act in the conditions of risk and crises, to find new approaches to solving the problems. The human resource management in the local self-government system should be focused on the development of the innovative competence of employees. This may reflect that mechanisms of the selection and rotation of the personnel should focus on the identifying of the creative abilities of the candidates, their ability to participate in the development processes of local self-government.

However, it should be noted that the development of the innovative processes in the local self-government system can be prevented by the certain subjective, psychological factors. It may appear that the officials and the citizens can resist the reforms. In addition, some officials will resist the innovations because they want to oppose to the innovative ideas of their understanding of problem solving [ 3].

Therefore one of the tasks of the implementation of the innovations in the system of local self-government

is the need to consider the officials as a special object of management in the reform process. This approach requires consideration of not only the competency of the officials, but also taking into account their functions at various stages of the reform process of local self-government. In the processes of reforming the system of local self-government the processes of interaction between the system and the external environment and within the system become important. In our opinion, the general principles of functioning of the system of local self-government should include certain positions to be managing the reform of local self-government: functioning and development of systems; modeling social systems; adaptability of management decisions and delivery of services.

Common approaches that can be the basis for the development of models and algorithms of management of the innovations in the system of local self-government can be based on the following: the beginning of reforms should be preceded by a process of accumulation of information, tangible and intangible resources; into the system of local self-government, which refers to the open systems which develop, should do the human, energy, information, financial resources; it is necessary to consider the nature of the effects of the environment, interacting with them, the system creates new products; for the system of local self-government to the products, we can refer, first and foremost, management solutions and services and to the resources – human resources, information, material, temporary, providing high-quality operation and development; the necessary liaison between the resources spent on the development of the system and for the execution of external functions; the rate of renewal of resources, intensity of use, and the results of operating of the system of local self-government.

It should be noted that for the system of local self-government in the modern period of development, unlike businesses, the state of imbalance is provoked primarily by the processes occurring in the environment. To understand the behavior of such system is necessary to possess information about the composition «of the original system and the environment», the components of which are linked. As you know, any system evolving through the innovations (in our case, the system of local self-government) has the sufficient time and space in which its functioning and development occurs.

The systems, that are being developed, are characterized by a combination of stability and instability of the structure, because of the two stationary stable states of the system sustainable at any given time there can be the only one. For the system of local self-government (as for an adaptive social system) information characteristics that reflect semantic and pragmatic aspects of information become important. The principle of increasing of the adaptability of the local government system to dynamic external environment involves the implementation of such innovations that provide an increased adaptability of the system.

For the development of adaptive properties of social systems is characterized by the dynamic nature of sustainability, which is manifested in the fact that by overcoming the instability implements the resistance. This approach allows to keep the procedural reforms in the methodological aspect.

During the study of the mechanisms of the reforming of the local self-government system it is necessary to consider the basic mechanisms that drive such reforms, namely:

- mechanisms of adaptation of the system of local self-government to the changing conditions of the dynamic external environment;
- information mechanisms and processes that provide increasing of the organization of the system of local self-government (that is, the processes of information and communication should wear the organizing function).

The importance of using of the information and communication mechanisms when considering the mechanisms of the reforming of local self-government system, is based on the assumption regarding the root causes of development which, as a rule, there may be new information. The information and communication mechanisms in the system of local self-government get actual value exactly today, when the dynamics of changes in the external environment increases. To the modern trends which need to be considered during the reform of local self-government system should include:

- the advantage of core decisions about the decomposition of large units;
- stimulating of the generating of new ideas among the workers and the external environment;
- the advantage of the quality criteria of products (in our case – management solutions and services), while the criterion of maximum economy of resources depends on the second plan;
- implementation of the management decisions based on the revitalization initiatives of each executive as opposed to a detailed passage of many instructions; management decisions related to the organization (reorganization) of the structure, inevitably are the result of the management decisions on the choice of the strategy;
- the choice of strategy is related to the increasing of the diversity of the influence of the system upon the environment (which can be determined by the extension of diversification) associated with the selection of alternatives of the decentralization of the management structure;
- the most important parts of the strategic management decisions are those which ensure the implementation of this decision and the continuous adaptation of the system to environmental conditions. Unfortunately today there is no a satisfactory and complete model of rational behavior of the social systems that develop. Existing models of rational behavior are based on the task of maximizing of the indicator of quality of the management in the local self-government system; such indicators can be the quality of life of the local community.

At the same time in each specific management situation, there may be several ways to achieve the optimal results. These paths may depend on the awareness of a head, the knowledge of the problems, the understanding of the situation, and available resources and ways of action. A head in the system of local self-government in the process of preparation and adoption of the management decisions should take into account at least the following parameters of the structural, quantitative and qualitative character:

- the structure of the body of local self-government,
- the development strategy of the body of local self-government,
- the staff,
- the style of the implementation of the management decisions,
- organizational culture,
- the combination of available skills of the staff of the body of local self-government,
- the composition and properties of the subsystems and procedures that form the basis of the body of local self-government.

The current state of the development of our society is characterized by a high dynamism of processes both constructive and destructive orientation. This requires an adequate response on the part of the public administration systems and the public service to ensure equilibrium with the external environment, they can only support through the implementation of the development processes.

Therefore, it is possible to draw the following conclusions. Reforms are realized by the implementation of innovations. Innovations are the necessary element of the reform of local self-government, and the reform process can be realized through the innovation processes. Therefore, managing the reform of local self-government can be viewed in the broadest sense, through the management of the innovation processes. Officials of local self-government, who participate in the governing of the reforms, should find the answers to the following questions:

- How to allocate funds between the current processes and the innovations?
- What innovations to implement?
- When?
- With what intensity?
- What are the expenses?
- What are the time intervals of the implementation of the reforms?
- How to specify the dynamics of the innovations?
- What is the expected result of the innovations?
- What is the probability (or risk) of obtaining the result?

The task of reforming the system of local self-government has to implement in a high level of uncertainty and instability of the external environment. A high level of uncertainty of the tasks of the reforming is most often associated with the fact that all the subjects of the environment are also the systems that evolve and, as a rule, do not inform each other about the details of their development processes. On the other hand, the innovation process has the uncertainty of its result. From here comes that the development tasks are weakly formalized. The practical aspect of learning such tasks consists of the need to create models and methods for solving problems of the reform in the corresponding subsystem in the system of local self-government.

The process of managerial decision-making in the local self-government system and its subsystems occur under the influence of the complex, dynamic socio-political and economic factors. Every decision in the system of local self-government comprises both economic and social and political aspects. Mutual influence and conditionality of the factors mentioned above form one of the features of the reform of local self-government. The difficulty levels of

the system of local self-government, some unsystematic nature of consequences of the decisions at different levels of administration reduce the effectiveness of classical decision-making approaches in specific situations of reforming. In this regard, there is a need to develop new approaches that would combine the characteristics of the economic, social and political processes necessary for making management decisions.

The separate mechanisms of the innovative development of the local self-government system must be connected into an entire system of interacting mechanisms. The system of reforming mechanisms, and the system of local self-government must be dynamic, adaptive, evolving along with the development of the system of local self-government. This approach will allow to the system of local self-government to solve existing contradictions and to move on to new levels of functioning. First of all, such an approach becomes possible in connection with the strengthening of the humanitarian aspect of the reform of the system of local self-government, increasing of attention to the cognitive, intellectual, communication and motivational component of the functioning of such a system.

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